

Sustainable Environmental and Forests Ecosystems Management

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SUBJECT: Sustainable Environmental and Forests Ecosystems Management

Ladies/Gentlemen:

THIS IS NOT A REQUEST FOR PROPOSAL. USAID is preparing for issuance of a Request for Proposals (RFP) for the subject program. USAID is soliciting comments from interested parties, in order to further refine this Draft Statement of Work (DSOW). This procurement will be a full and open competition. Your comments will be appreciated and considered as we finalize the RFP for the proposed contract. No information on Pricing, Competition, Instructions to Offerors or Evaluation Criteria is available at this time.

Answers to the questions will be posted in the Solicitation (contractors will not be identified with the question). Comments may or may not be incorporated in the Statement of Work. Comments will be accepted until June 11, 2003, 16:00 Madagascar time. All comments shall be addressed to Frédérique Rakotoarivelo, Acquisition Specialist, USAID/Madagascar, in writing at (Email preferred: frakotoarivelo@usaid.gov), fax: 261-20-22-348-83, or by mail addressed: Frédérique Rakotoarivelo, 2040 Antananarivo Place, Washington D.C. 20521-2040.

Thank you for your interest.

Sincerely,

Karin Kolstrom
Contracting Officer

ENVIRONMENT/RURAL DEVELOPMENT STRATEGIC OBJECTIVE

Draft Statement of Work for Sustainable Environmental and Forest Ecosystems Management in Madagascar

Contents

A. Overview/Context

1. Country Context
2. National Strategies and Investment Programs
3. USAID Integrated Strategic Plan (2003-2008)
4. USAID/Environment/Rural Development Strategic Objective

B. Guidelines for Approach and Methodology

Underlying Principles based on USAID's Global Conservation Program
Ecoregional Based Conservation and Development Approach
Priority Eco-regional Intervention Zones
Managing for Results

C. Scope of Work to Support Sustainable Environmental and Forest Ecosystems Management in Madagascar

1. *Results Module 1:* Forest Management Vision is Refined and Integrated at Multiple Levels
2. *Results Module 2:* Forest Service Restructured and Strengthened
3. *Results Module 3:* Forestry Private Sector Professionalized
4. *Results Module 4:* Good Governance of Natural Resources through Effective Control of Forest and Biodiversity Utilization (outside PAs)
5. *Results Module 5:* Transparent and Effective Management of Forest Sector Budgets and Planning Processes
6. *Results Module 6:* Environmental Impact Assessments Used Effectively to Protect Threatened Habitat
7. *Results Module 7:* Strategic Planning, Coordination and Information Service within the Ministry of Environment, Water and Forests

D. Linkages and Partnerships

1. Linkages with other USAID Strategic Objectives
 2. Partnerships with other Stakeholders and Other Donors
- Guidance on Key Partnership and Linkages

E. Performance Period

Annexes

Annex A: EAP/EP3 Results Framework

Annex B: USAID/Madagascar Integrated Strategic Plan (2003-2008) Results Framework

Annex C: Environment Program Stocktaking Exercise/Lessons Learned

Annex D: Description of Environment/Rural Development Strategic Objective and Intermediate Results

Annex E: Map - Geographical Priorities

Annex F: Bibliography of Key Background Documents

ACRONYMS

ADRA	Adventist Development and Relief Agency
AGEX	Agence d'Exécution du Programme Environnemental
AGOA	African Growth Opportunity Act
ANAE	Association Nationale d'Actions Environnementales
ANGAP	Association Nationale pour la Gestion des Aires Protégées
APN	Agent de Protection de la Nature
CANFORET	Cantonement des Eaux et Forêts
CBNRM	Community-Based Natural Resources Management
CIRAD	Coopération Internationale en Recherche Agronomique pour le Développement
CIREF	Circonscription des Eaux et Forêts
CITES	Convention on the International Trade of Endangered Species
COAP	Code des Aires Protégées
CRS	Catholic Relief Service
CSO	Civil Society Organization
CSP	Country Strategic Plan
CTE	Comité Technique d'Evaluation
DIREF	Direction Inter-Régionale des Eaux et Forêts
DIREEF	Direction Inter-Régionale de l'Environnement, et des Eaux et Forêts
DG	Democracy and Governance (USAID/Madagascar SO)
DGEF	Direction Générale des Eaux et Forêts
EIA	Environmental Impact Assessment
EA	Environmental Assessment
EAP	Environmental Action Plan
ENV/RD	Environment and Rural Development (USAID/Madagascar SO)
EP	Environment Program
FFN	Fonds Forestier National
FFP	Fonds Forestier Provincial
FFR	Fonds Forestier Régional
FY	Fiscal Year
GCF	Gestion Contractualisée des Forêts
GCP	Global Conservation Program
GEF	Global Environment Funds
GELOSE	Gestion Locale Sécurisée
GIS	Geographical Information System
GOM	Government of Madagascar
GTDR	Groupe de Travail pour le Développement Rural
GTZ	German Technical Cooperation
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immuno- Deficiency System
HPN	Health, Population and Nutrition (USAID/Madagascar SO)
ICDP	Integrated Conservation and Development Program
IR	Intermediate Result
ISP	Integrated Strategic Plan
MAT	Madagascar Agriculture and Trade (USAID/Madagascar SO)

MEF	Ministère des Eaux et Forêts
MECIE	Mise en Compatibilité des Investissements avec l'Environnement
MEM	Ministère de l'Energie et des Mines
MinAgri	Ministère de l'Agriculture
MinEnv	Ministère de l'Environnement
MinEnvEF	Ministère de l'Environnement, et des Eaux et Forêts
NRM	Natural Resources Management
NEAP	Madagascar National Environmental Action Plan
NGO	Non-Governmental Organization
ONE	Office National pour l'Environnement
OSF	Observatoire du Secteur Forestier
PA	Protected Area
PACT	Private Agencies Collaborating Together
PADR	Plan d'Action pour le Développement Rural
PCD	Plan Communal de Développement
PDV	Plan de Développement Villageois
PDFN	Plan Directeur Forestier National
PREE	Programme d'Engagement Environnemental
PRSP	Poverty Reduction Strategy Paper
PSDR	Projet de Soutien au Développement Rural
PVO	Private Voluntary Organization
RFP	Request for Proposal
RM	Result Module
SAF	Service Administratif et Financier
SAGE	Service d'Appui à la Gestion de l'Environnement
SEA	Strategic Environmental Plans and assessment
SO	Strategic Objective
TA	Technical Assistance
USFS	United States Forest Service
USGS	United States Geological Survey
VNA	Local Vigilance Committee
WB	World Bank
WWF	World Wide Fund for Nature

A. Overview/Context

1. Country Context

Madagascar has been identified consistently by the international community as one of the highest biodiversity conservation priority countries in the world owing to its combination of high diversity, endemism, and degree of threat. A hectare of forest lost in Madagascar has a greater negative impact on global biodiversity than a hectare of forest lost anywhere else on earth. More than 80% of Madagascar's flora and fauna are found nowhere else in the world. Some taxonomic groups, including reptiles and amphibians, are over 95% endemic. The country's original flora and fauna evolved largely in isolation for 160 million years, proliferating into a wide array of unusual and often unique organisms.

Madagascar's forests are also extremely important to the island itself. They are complex biological systems that provide society with a wide range of essential products (including timber, fuel, food, medicine, and raw materials). Forests provide critical ecological services to the island, such as soil formation and nutrient cycling, pest and pathogen control, pollination, climate regulation, and maintenance and control of water flow and quality. All of this combines to make Madagascar especially important as:

- One of the top locations on the planet for adding to the world's knowledge of evolution; and
- A storehouse of plants and animals not yet known to science that could lead to cures for major diseases.

Unfortunately, Madagascar is also noted for its high degree of environmental degradation. The area covered with primary natural forest has declined from about 25% in 1950 to less than 15% today. Forest destruction is eliminating viable habitat critical to innumerable plants and animals. Poverty, unproductive agriculture, high population growth, inappropriate national policies, and weak governance also threaten Madagascar's natural resource base in a number of ways. These include encouraging slash and burn agriculture, deforestation, unsustainable forest management, and habitat loss. This, in turn, leads to plant and animal distinction, watershed degradation, erosion, soil fertility loss, and a further increase in poverty.

Madagascar is therefore suffering from a severe agrarian crisis as well as an environmental crisis, and the two are inextricably linked. The vast majority (70%) of Madagascar's fast-growing population depends on traditional agriculture for its livelihood—and traditional agriculture is the main and most severe source of environmental degradation. Deforestation, bush fires, and extensive cropping of marginal lands are removing the ground cover that protects the most highly erodible soils. Degradation threatens not only biological diversity and soils but also watershed stability vital to the agrarian economy.

In rural Madagascar, poverty continues to threaten the sustainability of the natural resource base. Community members need more options to utilize available natural resources in a sustainable manner. Given the widespread food insecurity at the household level, forest exploitation for agricultural purposes is seen as a means of survival. This is particularly true as agricultural productivity stagnates and other natural resources are depleted without long-term attention to their potential economic value as sustainable resources. Nevertheless, as stated in a Malagasy proverb: "Without the forest, there will be no more water; without water, there will be no more rice."

2 National Strategies and Investment Programs:

The Government of Madagascar (GOM) undertook a recent restructuring that is highly significant for the environment and rural development sectors. Key changes have been: (i) integration of economic

programs, land use planning, transport and public works into a single 'super-ministry' under the vice Prime Minister; (ii) combination of Agriculture with Livestock and Fisheries into a single ministry; and (iii) combination of Waters & Forests with Environment into a single ministry. These changes are important for the following reasons:

- The fusion of economic programs, land use planning, transport and public works will facilitate an integrated approach to national spatial development planning;
- The combination of agriculture, livestock and fisheries regroups the food supply sectors and should facilitate a greater emphasis within the fisheries sector on food security, rural development and poverty reduction as a complement to the established orientation on generating revenues from fisheries exports and licenses.
- Fusion of forests with environment may be seen as a bold move to create a transformed forests sector oriented towards conservation and biodiversity as opposed to extractive production. This should greatly facilitate the development of conservation programs outside protected areas, improved sector governance and the efficient capture and distribution of benefits from biodiversity.

Key national strategic and investment programs that guide the environment and rural development sectors are:

Poverty Reduction Strategy Plan (PRSP): This strategic framework defines the directions of intervention in favor of poverty reduction for development of policies and program of the country for the period of 2001 – 2015. As concerns the environment and rural economy, three sector specific challenges will be addressed: (i) creating a favorable policy and investment environment to achieve 4% annual growth of the rural sector; (ii) ensuring environmental sustainability to consolidate Madagascar's unique position as a mega-biodiversity country; and (iii) improving the effectiveness and efficiency of public service delivery through consolidation of the currently fragmented rural sector institutional framework. Other important intervention areas, which will also impact the USAID environment/rural development program, are decentralization and good governance.

National Environmental Action Plan (NEAP): To address the many severe environmental problems facing Madagascar, the GOM prepared a National Environment Action Plan (NEAP) in 1989. The overall objective of the fifteen-year program is to assist the Malagasy people to protect and improve their environment while concurrently working for sustainable national development and economic growth. In 1990, the NEAP was given legal status by the adoption of the National Environmental Charter and the National Environment Policy (Law 90- 033) dated December 21, 1990.

The NEAP, which was put into operation in 1991, recognizes the link between environmental protection and economic development and includes six elements: (i) protecting and managing the national heritage of biodiversity, with a special emphasis on parks, reserves and gazetted forest, in conjunction with the sustainable development of their surrounding areas; (ii) improving the living conditions of the population through the protection and management of natural resources in rural areas with emphasis on watershed protection, reforestation and agro-forestry, and in urban areas through improving water supply and sanitation, waste management and pollution control in general; (iii) promoting environmental education, training, and communication; (iv) developing mapping and remote sensing tools to meet the demand for natural resources and land management; (v) developing environmental research on terrestrial, coastal and marine ecosystems; and (vi) establishing mechanisms for managing and monitoring the environment.

The strategic approach adopted at the time of the NEAP remains valid; that is, the time scale of decades; the process of learning and adapting from stage to stage; and the ultimate objective of building support for environmental priorities, mainstreaming environmental concerns as far as possible

into other sectoral activities; creating and maintaining a system of conservation areas which are ecologically sufficient to the greatest extent possible; ensuring sustainable management of Madagascar unique terrestrial, coastal, and marine ecosystems; and targeting complementary development activities to reduce pressures on the natural resources base.

While before 1991 environmental protection efforts were almost exclusively driven by the donor community, the NEAP has enabled the GOM to take the lead role in promoting the environmental agenda. The last ten years of the Environmental Program has laid a solid foundation and will provide a springboard for achieving significant results over the next five years. The legal and policy framework is well established. The environmental impact assessment law (MECIE), the new forestry policy and the recently adopted protected areas code (COAP) provide a solid foundation for sustainable environment management. The first law promoting the management transfer of renewable natural resources to local communities was promulgated in September 1996, known as GELOSE.

Madagascar has the key environmental institutions on the ground to promote good stewardship of the country's natural resource base. Upon launching of the NEAP, a new Environment Office (ONE) was created, as the lead environmental agency to establish policy and ensure application of environment impact assessment. Subsequently, a Ministry of Environment was created which became the overarching authority on environmental affairs to which ONE became attached. The National Association for the Management of Protected Areas (ANGAP) was set up in 1991 with the mandate to develop and manage the national protected areas network. The Forestry Department is responsible for the remaining forest ecosystems. To obtain a better handle on the governance problems in the forestry sector, a Forest Observatory (OSF) was established in 2001. Other institutions that play important roles are the National Association for Environment Actions (ANAE) and the Environmental Management Support Service (SAGE).

Experiences to date in Madagascar also clearly indicate that conservation efforts which do not address the basic realities and needs of rural and urban poor people will not succeed. At the same time, economic and rural development which attempts to ignore Madagascar's pressing needs for natural resources management and conservation of precious biodiversity resources is likewise unsustainable for the coming Malagasy generations. Under this basic principle, Madagascar undertook the Integrated Conservation and Development Program (ICDP) under the Phase I of the NEAP. In parallel of the conservation activities, all ICDP projects carried out development activities designed to help people raise their standard of living of local communities. Building on lessons learned from the ICDPs, the eco-regional process expanded conservation and development activities beyond national parks and reserves into an eco-regional landscape approach focused on identifying and protecting key biodiversity conservation zones by decreasing the pressures on the natural resource base. Refer to Annex A for the Results Framework for the Environment Program 3 (2003-2008).

Rural Development Action Plan (PADR): Madagascar adopted the National Rural Development Plan (PADR) in 2000 as the principal framework instrument for promoting rural development in Madagascar. The PADR is a general framework comprising the following five objectives: (i) ensure food security; (ii) contribute to economic growth; (iii) reduce poverty and improve living conditions in rural areas; (iv) promote sustainable management of natural resources; (v) promote training and information for improving rural production. Following these objectives, the PADR consists of four thematic orientations: (i) better management of rural sector through legal and institutional reform; (ii) expand and promote agricultural production with optimal use of resources and infrastructure; (iii) ensure food sufficiency in all regions; and, (iv) develop social infrastructure to ensure access to social services. It is important to underline that the PADR is a policy for rural development in a comprehensive manner. It has put rural development firmly on the development agenda as a key engine for ending poverty in Madagascar.

3. *USAID Integrated Strategic Plan (2003-2008)*

U.S. development assistance to Madagascar supports the policy goals of promoting good governance and market-driven growth as mechanisms that will lead to better management of Madagascar's unique natural resources, an overall reduction in poverty, and a qualitative improvement in the health of the population. A successful program will have numerous ancillary benefits, such as reducing vulnerability to HIV/AIDS, improving the country's ability to manage natural disasters, and enhancing its attractiveness as a commercial partner for the U.S.

Madagascar is one of the world's top three "biodiversity hotspots." Poverty, unproductive agriculture, and weak governance continue to threaten the country's natural resource base and its unique biodiversity. The vast majority of Madagascar's fast-growing population depends on low-productivity, extensive agriculture for its livelihood. Yet this is the main and most severe source of environmental degradation. Deforestation, bush fires, and extensive cropping of marginal lands result in destruction of the ground cover necessary to prevent soil erosion, which in turn contributes to watershed instability, more topsoil loss, and smaller forests.

Almost 70% of Madagascar's people lived in poverty in 2001, making it one of the poorest countries in the world. Poverty is most widespread in rural areas: 75% of the rural population lives below the poverty line, compared to 50% in urban areas. Forty-six percent of adults are illiterate. Infant, child, and maternal mortality rates remain very high; life expectancy at birth is only 58 years. This dire social situation springs mainly from the combination of low economic growth—itself in large part a result of the country's 20 years of failed socialist policy—and an average annual population growth of 2.8%.

Conflict over the disputed December 2001 presidential election, has had dramatic impacts on Madagascar's economy and on its poor. The economy contracted by an estimated 12% in 2002, and over 100,000 people lost employment in the formal sector. Agricultural production and rural incomes were adversely affected, and health and nutritional status—already low—has deteriorated. The distress of the Malagasy population, combined with a legacy of corruption, presents challenges for the new administration in its efforts to establish good governance and restore economic growth.

Against this backdrop of social change and poverty, USAID/Madagascar sees hope, and sets its plans for the future. There is new opportunity in the political transition, and new prospects for growth and sustainable development. Prior to the crisis, for example, AGOA-induced investments in Madagascar increased exports to the U.S. by 96.6% in 2000 and 72.3% in 2001. This activity also created over 60,000 jobs—making Madagascar one of the most successful beneficiaries of AGOA.

The Mission is nearing the end of its Country Strategic Plan FY 1998 – 2003. Over the course of the last two years much thought and planning has gone into preparing the Mission's new Integrated Strategic Plan for fiscal years 2003 – 2008. The ISP process, which was interrupted by the eight months of instability that flowed from the election crisis, has resulted in a new Mission Goal: "Sustainable and Inclusive Economic Development." This new goal complements and builds upon the Mission's current goal of reducing poverty, and aligns well with host country priorities, U.S. foreign policy, and USAID Agency goals. This statement underscores the importance of economic and democratic transformation that involves and benefits all segments of society and is sustainable, both environmentally and in its respect for the aspirations of the Malagasy people.

The new ISP comprises of the following four strategic objectives (SOs):

- SO 4: "Governance in Targeted Areas Improved" (Democracy and Governance, or DG);
- SO 5: "Use of Selected Health Services and Products Increased, and Practices Improved" (Health, Population and Nutrition, or HPN);
- SO 6: "Biologically Diverse Forest Ecosystems Conserved"

(Environment and Rural Development, or Env/RD); and

- SO 7: “Critical Private Markets Expanded”
(Madagascar Agriculture and Trade, or MAT).

In addition, USAID’s last 10 years in Madagascar have demonstrated that there are strong cause and effect linkages within and between these strategic objective sectors and a number of vital cross-cutting areas. Under the ISP the Mission intends to continue its innovative cross-sectoral efforts in the areas of food security, HIV/AIDS prevention, good governance, Information and Communications Technology, disaster and conflict vulnerability, gender equity, and public-private alliances. Refer to Annex B for the ISP Results Framework.

4. *USAID/Environment/Rural Development Strategic Objective*

USAID has provided leadership to the environment sector in Madagascar over the past ten years through support to the fifteen year (1991- 2006) National Environmental Action Plan (NEAP). The USAID/Madagascar environment program has been one of the Agency’s flagship environmental programs. To conserve Madagascar’s heritage, USAID’s program has been implementing a cutting edge approach that has consistently linked a healthy environment to improved well being of the Malagasy people through approaches that addresses biodiversity conservation while contributing to socio-economic development of the country. The inclusion of rural communities in the management and sustainable use of their natural resource base is a critical component of this approach to ensure the future survival of these unique resources.

USAID’s support to the first and second phases of NEAP also focused on developing environmental institutions, tools, and approaches. For example, USAID helped develop a more efficient National Park Service, which in turn increased the total area of critical habitats being effectively managed and protected. USAID support has helped transfer management of forest areas to local communities. And it has been instrumental in the establishment of ecotourism investment zones, promotion of environmentally friendly farmer groups, and development of more financially sustainable environment institutions.

As demonstrated over the last ten years, there are inextricable links between natural resources, economic growth, agricultural productivity, water quality and availability, poverty, health, and governance. Forest ecosystems are complex biological systems that provide society with a wide range of essential products - timber, fuel wood, food, medicine and raw materials. They also provide environmental services such as protection of watersheds and soils and carbon storage to mitigate climate change. As is clearly evident, forest ecosystems are essential to the long-term well being of local populations in Madagascar, the national economy, and the earth's biosphere as a whole. USAID/Madagascar therefore believes it is critical, in addressing the problems of local Malagasy people, to focus more holistically on forest ecosystem management over the next five years. This will deepen our efforts in the environment domain while increasing the emphasis on conservation and sustainable use of forest and natural resources to empower, enrich, and elevate people out of poverty. **Working with people closest to the natural resource base is the nexus of the new Environment – Rural Development SO (ENV/RD).**

A multifaceted and integrated program will be pursued which continues the current successful ecoregional approach to achieve the overall environment strategic objective: *Conserve biologically diverse forest ecosystems* by improving sustainable natural resources management and environmentally sensitive development in priority ecoregions. The SO is made up of five components, based on accepted approaches to ecoregional conservation and sustainability. First and foremost, there must be a strategic vision for the forest ecosystems and a plan as to how best to achieve that vision. Second, within these forest ecosystems, there must be core protection zones for critical biodiversity habitats, which fulfill the need to protect priority natural resources and ecological processes. Around these core areas will be sustainable use zones, which can be privately, publicly, or locally managed.

Within and outside these multiple use zones, depending on their proximity to core protection areas, sustainable use and varying levels of land-use management intensity will be utilized. Initiatives will be explored with private sector partners to increase investment in natural resources management and create economic growth poles away from forest corridors. Finally, woven throughout is the need for participation, transparency, and good governance.

Refer to Annex C for Lessons Learned and Annex D for a more detailed description of the Environment/Rural Development Strategic Objective Results Framework.

B. Guidelines for Approach and Methodology

The Environment/Rural Development Strategic Objective, based on an ecoregional based conservation and development approach, is very dependent on the creation and fostering of linkages between partners, organizations, activities, programs and landscapes. This section provides guidelines for the approach and methodology to implement the results modules defined below.

1. *Underlying Principles based on USAID's Global Conservation Program*

Using the principles that guided the development of the USAID's Global Conservation Program (GCP), the contractor should take into the consideration the following principles in developing the approach to implement activities under USAID/Madagascar's Environment and Rural Development strategic objective:

- **Programs should be adaptive.** While the initial design of program activities should be sound, conservation needs are complex and constantly evolving. Programs should therefore be structured in such a way that they monitor their progress, generate timely information for management, and adapt as needed.
- **Programs should foster sustainability.** Bidders should discuss how conservation achievements will be sustainable beyond the end of the Agreement. Partners should also explain how additional financing for activities could be leveraged. While it is not necessary to identify specific sources of continued financing, proposals should describe the approach for identifying and securing additional sustainable funding.
- **Programs should be participatory.** Bidders should discuss how programs incorporate the equitable and active involvement of stakeholders in all stages of program design and implementation. Attention should be given to the differences in the ways men, women, youth, and indigenous groups use, manage, and conserve biological resources. The inclusion of traditionally marginalized stakeholders, such as women and indigenous peoples should occur whenever possible.
- **Programs should strengthen in-country capacity and foster collaboration.** In-country capacity is the foundation for long-term conservation success. Conservation of natural systems depends critically on the engagement and commitment of key stakeholders - local people, government, enterprises, NGOs and donor institutions. Institutional strengthening is often needed for both government and non-governmental organizations. In addition to institutions, building and strengthening civil society to increase rural involvement in natural resource management decision making is key to promoting good environmental governance. Finally, there must be good cooperation and coordination amongst USAID implementing partners. This is particularly important since the USAID Env/RD program results modules and various programs are interdependent.
- **Programs must be results-oriented.** Proposals should articulate how program impacts will be assessed. Bidders should discuss how they would track performance and report on progress. Efforts to measure habitat quantity and/or quality are encouraged where appropriate.
- **Programs should integrate learning into program design.** Substantive analysis at the site level and efforts to disseminate lessons learned to the broader conservation community should be integrated into programs, particularly at multiple sites or larger scales. Learning and dissemination is supported from both successes and failures that improve the design and management of programs. Innovation will be supported where programs demonstrate an understanding of risk and the ways in which partners intend to manage the risk.

- **Programs should complement other conservation and development activities.** Integrated conservation and development at the landscape or regional scale requires coordinated action by many actors. Where appropriate, bidders should indicate how their conservation efforts contribute to or complement development activities of USAID, other donors, host-country governments, the private sector, and other institutions. Proposed development activities must demonstrate a link to the conservation objectives. Where appropriate, strategies to prevent the spread and mitigate the impacts of HIV/AIDS should be integrated.

2. *Ecoregional based conservation and development approach*

Program activities should continue to build on an ecoregional approach to conservation and development, which remains the underlying foundation of the USAID/M Environment/Rural Development SO. This is an approach to resource management and planning focused on understanding the ecological, social and economic consequences of changes in landscape composition. This is particularly critical at the ecoregional level where territories with a measure of ecological integrity are divided among several governing jurisdictions. Thus, protecting biodiversity and utilizing natural resources, within ecoregional landscapes, directly involves many societal groups and requires the monitoring and manipulation of an ever increasing level of data. If information analysis can be merged successfully with political decision making and public involvement, the potential to increase understanding, and improve the quality of planning and decision making can lead to a sustainable future for Madagascar.

In the context of Madagascar, the ecoregional approach draws upon achievements within protected area management and is enriched by a number of different concepts, including integrated conservation and development projects, biosphere reserves, eco-regional planning, bio-regional management, and ecosystem management. Inherent in the approach is the recognition that most of the world's biological resources lie in unprotected areas, and if these are poorly managed or neglected, species loss and habitat degradation will result, with neighboring protected areas put at greater risk of becoming less biodiverse islands suffering constant degradation.

The ecoregional approach provides a method to conserve and link critical biodiversity habitats through the management of associated elements within the larger landscape, thus affecting the lives of populations in geographic areas much larger than protected areas and their immediate peripheral zones. This approach acknowledges the role of poverty alleviation as a critical part of any environmental strategy, particularly one in a setting where slash and burn agricultural practices of subsistence farmers severely threaten both biodiversity stability and the natural resources upon which the population depends.

3. *Priority Eco-Regional Intervention Zones*

For the strategy period of 2003-2008, USAID has identified three eco-regions as priority intervention zones. These eco-regions are the Andasibe/Mantadia-Zahamena Corridor, and the Ranomafana – Andringtra Corridor, and the South East Ecological Zone (Tolagnaro). The "ecoregional landscapes" were developed utilizing a series of inputs and criteria from a scientific workshop held in Madagascar in 1995. The eco-regions have been defined to help focus USAID-funded activities; however, specific boundaries should not be seen as definitive. It is expected that the boundaries of these "ecoregional landscapes" are flexible and may change over time depending on evolution of the actual landscape.

Geographical focus for this SO is for field based activities. Since there will be considerable support provided for institutional capacity building and development, the geographical focus would not apply. For example, support at the CIREEF or Park level would not be limited to geographical zones. In addition, some latitude will be given for specific targets of opportunity, which may be identified outside the three focus zones.

Andasibe/Mantadia-Zahamena Corridor (Tamatave Province): This eastern mountain range corridor links the Protected Areas of Andasibe/Mantadia National Park and the Zahamena National Park and composes the priority conservation zone within this eco-region landscape, covering a total of 830,608 hectares. The entire corridor within and between these Protected Areas is extremely important for biodiversity conservation purposes. This highland rainforest of Andasibe is home to Madagascar's largest lemur species (*Indri indri*) and Zahamena National Park is considered to be among one of the richest forests in the world in terms of primate diversity (*14 species*). The area of economic influence around the priority conservation zone includes Moramanga in the south, Tamatave on the eastern coast, and Lac Alaotra to the west, one of the principal rice producing regions in Madagascar.

Ranomafana – Andringitra Corridor (Fianarantsoa Province): The priority conservation zone within this ecoregion is an intact, largely forested, ecological corridor bordered on the south by Andringitra Reserve and continuing north beyond Ranomafana National Park to the boundary of the Fianarantsoa administrative region. This priority conservation zone covers a total of 1,128,787 hectares. This corridor has been judged as exceptional by the Madagascar biodiversity conservation priority setting working group. Ranomafana is composed of primary forest and is the home of the golden bamboo lemur (*Haplelemur Aureus*), one of Madagascar's most threatened species.

Anosy South East Ecological Zone (Tulear Province): This ecoregion contains the Andohahela Integrated Reserve which consists of three separate parcels, with humid eastern forest formations and southern spiny bush formations containing extreme biodiversity among semi-arid and arid plant species. This reserve and surrounding forested area covers 154,509 hectares. It is the only region where the two most disparate types of vegetation are still intact. Andohahela also serves as a very important watershed for several important agricultural areas located in the region of Tolagnaro within a relatively small area of economic influence. This area has an unusually large numbers of donors, a strong WWF (World Wide Fund for Nature) catalytic presence, and dynamic NGO sector.

Refer to Annex E for a Map of Geographical Priorities.

4. Managing for Results

In conformity with the USAID's core value on managing for results, program activities are organized in result modules. These modules define and organize activities around the end result to be accomplished based on the specific activities. By making intended results explicit, ensuring agreement among partners, customers, and stakeholders, proposed results should be within the management interests of the contractor. The concept of manageable interest recognizes that achievement of results requires joint action on the part of many other actors such as host country governments, institutions, other donors, civil society, and the private sector.

It is important to make these intended results explicit and ensure agreement among partners, customers and stakeholders before beginning implementation. The implementing partners should demonstrate how they plan to influence, organize, and support others around commonly shared goals to lead to the achievement of desired results. Based on these results, the concept of accountability means that implementing partners, in collaboration with USAID, are expected to:

- Make well informed choices on what results to pursue;
- Manage proactively towards those results;
- Respond effectively to the inevitable changes in the development and policy environment that affect the feasibility of our selected results by modifying tactics or strategies including the use of public-private alliances as a way to meet those objectives;
- Provide transparency and objectivity when reporting problems and progress; and
- Help USAID learn from successes and failures.

As such, accountability will be achieved through meeting these requirements, rather than simply by achievement of agreed-upon (numerical) targets.

C. Scope of Work to Support Conservation of Biologically Diverse Forest Ecosystems in Madagascar

The activities addressed under this RFP are intended to help Madagascar achieve effective stewardship of their forest ecosystems for this wide range of services and economic growth potential. This scope of work is seen as an initial five year effort of a ten year program to revamp and revitalize the Malagasy Forest Service to ensure sustainable forest management. The role of forests in Madagascar has been insufficiently recognized in development policy and planning, yet the value of forests to economic and ecological systems is indisputable. Forests provide essential environmental services including protecting urban and agricultural watersheds, cycling nutrients, providing local and global tempering of climate, sequestering of carbon, buffering the spread of pests and pathogens, offering recreational and aesthetic benefits, and others. In addition, forests offer economic benefits in the form of timber and non-timber resources, and increasingly for ecotourism.

The contractor will support the establishment of enabling conditions for this broad approach to the stewardship of forest resources. The focus of the contract is on restructuring and revitalizing public sector environmental and forest institutions that are critical to improving the forest management systems. It will pursue a strategy whereby forest functions and habitat are further sustained by developing secondary and plantation forests for economic purposes by involving the private sector. Activities under this RFP will also promote the involvement of all interest groups to improve environmental governance and stewardship.

The specific contract results and illustrative activities that could achieve are outlined in the result modules below. These modules will not take place in isolation. Rather the activities are inextricably linked to other activities, which will be undertaken in support of SO6. The contractor's response will link the specific proposed program to the larger development challenges of Environment Program 3 and the overall SO6, and to a lesser extent, SO7. The contractor should include assumptions that can reasonably be expected to result from other interventions that support forest ecosystem management. The submission should demonstrate how the planned work would lead to the intended results. In responding to this request, the contractor should draw upon its knowledge and experience to propose a clear and workable set of processes, strategies, expertise, and management organization that go beyond the guidance provided.

Results Module 1. Forest Management Vision is Refined and Integrated at Multiple Levels

The recent National Forest Policy and National Forestry Development Plan (PDFN) set the stage for needed reform of the forestry sector and forestry institutions. Under EP2, an initial effort was undertaken to carry out a zoning of Madagascar's existing forests. The zoning distinguished ecological, regulation and production zones, and an initial mapping following these divisions was carried out. The results, however, have not yet been translated into a guiding force in establishing a vision and set of related goals and objectives at the national level, much less at the regional and local levels.

Under this results module, the contractor will providing support to assist the forest service to refine and transfer its vision to the field through national, regional and communal forest zoning plans. Building on prior USAID funded efforts, activities promote that the zoning is decentralized, refined and modified to reflect wider participation. The contractor will determine appropriate assistance measures including workshops, participatory mapping exercises and other means that involve local government and communities. Assistance will also be provided to the Forest Service at the provincial (DIREF) and circumscription (CIREF) levels to generate and manage forest information and take a leadership role for the sector in a context of increasingly decentralized planning processes. The zoning and visioning need to become important drivers of the institutional reform process (Results Module 2)

and this implies the articulation of top-down and bottom-up approaches to planning, demarcation and management.

In brief, this results module is critical in setting the stage for a more sounder and accountable forest service that will be better placed to represent the integration of forest priorities into national, regional and local level development plans. At the national level, an accepted forest zoning plan can contribute to environmental mainstreaming by, for example, clarifying intersectoral land use contradictions such as those that arise between forestry and mining. The zoning and visioning will be key, for example, in identifying forest blocks that emerge as apt for development as conservation sites. At the regional level, conservation and ecoregional planning as well as forest-based economic activity depend on a sound assessment of the forest resource base to prevent excessive forest clearing or unsustainable forest use. At the local level, community visioning and land use planning benefit from the strength of a global framework into which the transfer of forest management can be interpreted and effectuated. Such visioning clarifies not only land use mapping but rights and responsibilities associated with users and private sector actors involved in ground level natural resource management

The activities in support of this Results Module contribute directly to improving forest management (SO6 IR 1.1), and secondarily to maintaining biological integrity (SO6 IR 3.2) and increasing investment initiatives in NRM (SO6 IR 1.4). This module is critical to advancing the institutional reorganization and redefinition of the Forest Service; and as such, it is imperative that the RM1 effort be closely coordinated with other donors, particularly the French Cooperation and the World Bank. This effort supports the overall EP3, but particularly strengthens the forest service (EP3 2.3.3), and contributes to the identification and protection of conservation sites (EP3 1.3; 2.1.3(d))

Expected Module Results:

- National zoning study verified, refined and adopted
- Regional level zoning completed for the 20 agro-ecological zones defined by the Rural Development Working Group (GTDR)
- Circumscription Forest Service in the priority forest corridors integrating forest vision and zoning into Communal and Village Development Plans in collaboration with the communes actors
- Geo-referenced forest information system actively linking local, provincial and national environmental databases improved (linked to RM 7)

Illustrative Activities to achieve Results:

1.1 Assist the Malagasy Forestry Service (DGEF) to establish an overall framework for forest management in Madagascar

The impetus for the draft zoning was closely tied to EP2 and efforts to set the development agenda in motion for forestry and addressed needs to protect some areas for the biodiversity importance or environmental services they provided, put other areas under a regime of sustainable forest management. The resulting initial zoning does not necessarily reflect an optimal consideration of the various forest functions. One point of ambiguity centers on the scope, or absence thereof, for large-scale natural forest management in the country. Greater national ownership is needed. The initial actions undertaken by the contract team would therefore frame outstanding issues and facilitate a broad agreement on the overall vision of the place of forests in Madagascar's near and medium term development trajectory. The contractor will lead an effort to insure Malagasy Forest Service buy-in and then operationalize the vision.

Illustrative sub-activities:

- 1.1.1 Review the status and re-evaluate/verify the objectives of the national forest zoning in Madagascar

- 1.1.2 Confirm or reclassify the forest zones through a collaborative effort between the Provincial Forest Service (DIREEFs) and implementing partners and stakeholders (CSO, Private sector, communities, etc)
- 1.1.3 Finalize and legalize the regional and national zoning process
- 1.1.4 Define and promote legal frameworks and norms for forest access and management

1.2 Define and disseminate an operational approach to expand forest visioning through the national to regional and local levels

Currently, the context for regional (including ecoregional), communal, village land use planning, and resource tenure and access is in a state of rapid change. At the same time, there is an urgency to maintain the stability of forest ecosystems throughout the landscape. The contractor shall enhance existing tools and approaches to better channel these forces of dynamic change toward outcomes that result in critical forest ecosystems being identified and sustained by local planners and stakeholders. Moving planning and visioning to the regional and local levels will require blending top-down and bottom-up approaches. Different management approaches at the communal and local level such as management transfer contracts (GELSOE/GCF), reforestation, and conservation sites should be encouraged. This activity must also be linked and coordinated to ecoregional conservation activities being carried out under another mechanism.

Illustrative sub-activities:

- 1.2.1 Develop and implement approaches to train all staff to decentralize and mainstream the forest visioning process to the Forestry Service at the provincial and circumscription levels, the communes (PCD), the Rural Development Working Group (GTDRs) operating as part of the Rural Development Project (PADR/PSDR)
- 1.2.2 Elaborate more detailed maps and plans with appropriate scales in local and regional levels which insure articulation of field-based participatory efforts and strategic ‘top-down’ systems (linked to RM4)

1.3 Undertake systematic periodic internal review of forest zoning and conservation priority setting

While fundamental knowledge of and planning for the existing forest estate is core, it is evident that, even with the EP3 program in place, Madagascar’s forests will not remain stable. New areas will be planted and managed as forest plantations and other areas will continue to be displaced by extensive tavy agriculture and other pressures. The visioning and strategic planning undertaken in the early years of EP3 will need to be updated as knowledge and experience grow. The contractor will facilitate a review to understand the feedback from the field and determine what, if any, adjustments need to be made.

Illustrative sub-activities:

- 1.3.1 Institute internal review to provide feedback on the Forest Zoning Plan and visioning experience in year 3-4
- 1.3.2 Coordinate review and related conservation priority-setting proposals with renewing and updating Protected Area Network Management Plan (PlanGRAP) and other forward looking conservation frameworks

Results Module 2. Forest Service Restructured and Strengthened

In the years following independence, colonial practices of forest control and protection were reversed as concessions and permits were distributed indiscriminately, but without a corresponding change in formal policy. In an ideological sense, forests were seen as being returned to or re-appropriated by the Malagasy people. This led to an unfortunate and widely documented decline in both the forest ecosystems and in the responsible government institutions.

This decline in effective authority, however, coincided with a growing global recognition of the threats to biodiversity and, in particular, to tropical forest ecosystems that harbor many of the threatened resources. Madagascar's unique but endangered heritage became something of a "*cause celebre*" within the conservation community, and USAID responded quickly by setting biodiversity conservation as an important initial priority when assistance resumed in the latter half of the 1980s.

Throughout the 1990s, donor assistance for environment and natural resources was concentrated on buttressing and expanding the system of natural parks and reserves. Authority for these protected areas was transferred from the already weakened Malagasy Forest Service to a newly created institution, the National Association for Protected Areas (ANGAP). ANGAP continues in its protected area management role, while the Ministry of Environment, Water and Forests retains nominal oversight and formal responsibility for setting policy.

Donors, including USAID, recognized that establishing and consolidating the protected area system would only partially address the challenges of conserving forest habitat and its biologically diverse resources. Several projects, including the U.S.-funded Nature Protection Agents (APN) project, attempted to address forest management and forestry concerns, but the core institution continued to decline. This dynamic has left the Malagasy Forest Service relatively unmodernized, underfunded and lacking incentives for both staff and partners. Efforts to address these weaknesses generated a promising set of policies and intervention activities, but impacts will remain limited until the overall system enables the widespread acceptance and adoption of changed forestry conservation practices.

An unaccomplished activity and core challenge is to establish a forest vision, redefine the institutional framework, restructure and reinvigorate the Malagasy Forest Service as a viable actor has not been taken on. This is a central challenge of EP3, and one that USAID is prepared to accept a key leadership role in providing the required support to meet this challenge.

The contractor will meet this challenge by proposing a comprehensive assistance approach to the Malagasy Forest Service to reorganize it at the central, regional and local levels. As indicated in the new Forest Policy, the forest sector plan and in numerous donor funded studies, this will involve downsizing staffing, more carefully prescribed functions for all actors, better and more appropriately trained staff, efficient allocation and management of available budgetary and other revenue sources, partnerships with communities and the private sector, and other innovations.

The contractor will carefully design activities to support these changes that integrate into a multi-donor framework in which collaboration with French, German and World Bank assistance will be essential. Responses to this RFP should provide a blueprint towards achieving this collaboration where possible and sufficient flexibility in the design where division of responsibility between USAID and other development partners cannot be specified.

Expected Module Results:

- Clearly defined and formally approved job descriptions and attributions for forest service staff at all levels
- Well-trained staff in place and system for in-service training implemented
- Staff attributions reflecting leverage of state-funded positions through transfer of responsibility to Communes, Community Based Organizations, private sector organizations, and NGO partners
- Decentralized administrative and financial management systems contributing to efficient conservation implementation
- Public and private sector forestry training institutions selectively strengthened
- Field offices better equipped to play newly defined roles

Illustrative Activities to achieve Results:

2.1 Update and facilitate EP3 consensus with regard to structural changes in the forest service and in its institutional role within the newly established Ministry of Environment, Water, and Forests

Numerous institutional assessments of the Malagasy Forest Services have been undertaken with the context of the Environment Program 2 over the last five years. These studies have clearly identified the strengths, weaknesses, opportunities and threats of the existing Forest Services. A series of discussions have been held between GOM and the donors to define the roles and responsibilities and viable institutional framework. As a first step, it will be critical for the contractor to work closely with GOM officials and other donors, who are providing support to the Forestry Service, to clearly define the long term institutional vision, roles and responsibilities, and any structural changes required to revitalize the Malagasy Forestry Service within the newly established MinEnvEF. It will be important to ensure that the required structure changes will allow support funds to be efficiently programmed, that activities/interventions are consistent with one another and with the changes adopted by the Malagasy Forest Service, and that field support is apportioned geographically in an equitable manner.

Illustrative sub-activities:

- 2.1.1 Collaborate with Malagasy Forest Service Senior managers to achieve a clarification of their Mission and institutional vision, especially at regional and local levels where environment and forest functions will be integrated.
- 2.1.2 Work with support team responsible for the Information Result Module (RM7) to establish a knowledge and information strategy to assist in institutional reorganization.

2.2 Assess current human resources situation and management practices and develop, and implement program bring them up to necessary levels and standards

The general lack of attention given to maintaining the Malagasy Forest Service cadre and infrastructure is reflected by a lack of innovation in managing human resources in the field. At the central level, qualified staff have generally sought posts outside the government in more rewarding positions in parastatal organizations such as ANGAP or ONE, or other independent organizations. Attrition at the field level has left regional (DIREF), circumscription (CIREF), and local (CANFORET) level posts unfilled. Forest stations and related services such as supplying seed stock and seedlings have all but disappeared. The context for positions required to revitalize the Malagasy Forest Service are still governed by official job descriptions which in some cases, date from the 1930s. With an eye to the changed conditions and the roles envisioned for the forest service after EP3, the contractor will design an institutional capacity building program that will address these shortcomings and bring staffs into line with contemporary quantitative and qualitative needs.

The contractor's strategy will necessarily examine staffing requirements with consideration for limitations on increasing government payrolls. The inability of the forest service to integrate project APNs indicates that challenges including phasing and timing considerations may play an important role. Optimizing existing staff; working through local government, communities and NGOs; and spreading the burden of enforcement will all require innovation and creativity. As with other RMs activities success under this will depend in part on linkages to other RMs, especially RM1 and RM 5.

Illustrative sub-activities:

- 2.2.1 Carry out human resources needs assessment and determine scope for revising staffing patterns within the current GOM program
- 2.2.2 Determine appropriate strategy for increasing forest service staff numbers
- 2.2.3 Assist in defining recruitment and training needs for new staff as necessary

- 2.2.4 Develop and implement training program for new and existing staff, especially in field offices (in technical, political and socio-institutional areas). Use innovative approaches where appropriate including possibly computer assisted training or distance learning.

2.3 Clarify roles of national, regional, and local level functions and responsibilities

Activity 2.1 establishes a consensus for change. To implement this activity the contractor will actually work with decentralized staff to field test new organizational and management approaches. It is expected that as the roles are clarified, readjusting budget allocations will become increasingly pressing. The contractor will work with the GOM to link budget allocation readjustments to the acceptance of these revised and updated attributions. These activities will also contribute to success in the operational support RM which facilitates additional transfer of resources to the regional and local levels.

Illustrative sub-activities:

- 2.3.1 Verify applicability of current and proposed new texts, decrees and other instruments defining job attributions at each level (including relations to other government, civil society and private sector actors)
- 2.3.2 Put in place systems place for allocating budgets according to program needs at each level

2.4 Develop new procedures and related tools (such as standard forms for contracts and concessions) for forest service to establish ongoing functional relationships with partners outside the service (Private Sector Operators and Concessionaires, Community organizations)

It is generally acknowledged in the forest policy and elsewhere that the current set of formal contractual devices that the Malagasy Forest Service uses are in need of revision. Even recent mechanisms such as GELOSE/GCF are at times ambiguous and cumbersome. As more and more rights and responsibilities are devolved out of the public sector, new forms, practices and legal foundations will be needed to support the changing functional relationships, i.e. a tender and bid system for private concessions. The contractor will work with other EP3 donors to insure that these needs are met.

Illustrative sub-activities:

- 2.4.1 Review forms, standard contracts and procedures guidance for their adequacy and completeness (including use of traditional contracts (*dina*) for co-management of forest resources)
- 2.4.2 Help design and vet new procedures and forms to support new relationships between the forest service and
- 2.4.3 Assist in brokering and monitoring formal agreements

2.5 Improve mechanisms for the disbursement of core functional financial and material resources to the field level

The contractor will be uniquely placed to assist in Ministry efforts to channel operational support funds under EP3. Current practice is capricious and has generally favored central over regional and regional over local funding and priorities. An important challenge is to assist the Malagasy Forest Service to use the budget and forestry funds allocation process to contribute to effective decentralization. With minimal resources, CIREFs would be able to transcend the litany of limitations which has kept them from playing the roles envisioned under the new policy and forestry sector plans. Associated with the human resources development and incentives, the contractor will channel USAID support into direct funding of a minimal package of operational support for selected field offices.

Other donor funds will be leveraged for Forest service offices not within USAID priority zones. The package will include transport, basic equipment, computers and per diem for program implementation.

Illustrative sub-activities:

- 2.5.1 Encourage political commitment toward enforcement of forestry regulations and collection of related fees
- 2.5.2 Increase field level interventions and activities by the DIREFs, CIREFs, and Cantonnements
- 2.5.3 Establish a system in which incentives and professional validation are institutionalized and associated with responsible behaviors of forestry field staffs
- 2.5.4 Provide material support to CIREFs and DIREFs
- 2.5.5 Link this activity with efforts to insure greater transparency (e.g. forest observatories) and with the channeling of operational funds to regional and local forestry offices (through the project implementation fund) using both formal and informal means
- 2.5.6 Organize appropriate training and workshops, for example, a forest sector decision makers forum on decentralization

2.6 Provide targeted support to training and manpower development institutions such as the University and newly evolving private sector training institutions

The contractor shall examine the institutions responsible for fundamental or basic training of forestry technicians to identify strengths and weaknesses. Limited selective reinforcement of related curricula and training programs will be developed based on the assessment. Involvement of faculty in in-service trainings and other institutional activities under this RM could indirectly reinforce capacity.

Illustrative sub-activities

- 2.6.1 Assess forestry curriculum of training institutions to meet contemporary challenges;
- 2.6.2 Reinforce curriculum through such strategies as training of staff, offering or supporting courses in the forestry option within the concerned institutions;
- 2.6.3 Ensure participation of faculty in strategic meetings and through study visits to other institutions
- 2.6.4 Develop sister relationships with regional institutions;
- 2.6.5 Involve faculty in other in in-service training where appropriate

Results Module 3. Professionalized Forestry Private Sector Expanding Forest Plantation Economy

The contractor will support and extend a strategy of greater involvement of the private forest industry in the management and development of forest plantations at a commercial scale in Madagascar. The strategy, at this time and in the foreseeable future, will not support private (or public sector) timber concessions in Madagascar's remaining blocks of standing natural forest.¹ Efforts to assess these remaining natural forests suggest that, at best, sustainable logging prospects are limited and, at worst, attempting to promote even minimal forest harvesting could undermine the very biodiverse resources that USAID's support intends to conserve.

In contrast, USAID believes that support to more rational, efficient and profitable expansion of privately operated forest plantations, if properly undertaken, can alleviate pressures on the 87% of remaining natural forest occurring outside the formal protected area system and thereby contribute to biodiversity conservation in these threatened habitats. The country's historical patterns of land use leave it endowed with large areas of unused and underutilized lands that could support new forest

¹ Community involvement in local small-scale harvesting of native species is discussed elsewhere under activities supporting USAID's SO6 and SO7.

plantations. State-owned plantations cover hundreds of thousands of hectares and hold millions of cubic meters of mature round wood that is currently lacking management.

Involving the private sector, however, will require changes in its current level of development. The contractor shall assess the weaknesses and potential of the private sector as a first step to developing a comprehensive program that engages commercial plantation operators as conservation partners. The contractor will take into consideration the findings and recommendations of a recent USAID-funded review of the Forest Industry (Associates in Rural Development - October 2002) as an initial point of departure in a strategy that will employ illustrative activities such as those described below to achieve RM3 results.

Actions taken to support this results module provide the major inputs toward increasing investment initiatives and partnerships in NRM (SO6 IR 4.1) and will contribute secondarily to providing alternative to slash and burn practices (SO6 IR 1.3). Obviously, the plantation focus does not englobe the entirety of the private sector's forestry role. RM3 activities will be situated in the overall context of private sector initiatives to promote natural products developed with USAID support under IR 4.2 and under SO7 as well as by other donors and by trends affecting private sector generally. The strategy reinforces the EP3 objectives but is not a core part of the program. A professionalized private sector will help achieve EP3 1.2.1 and 1.2.2 that deal with rational forest management, carbon sequestration, and reforestation. Indirectly, by easing DGEF's administrative mandate and nominal management burden, The activities under this results module will also help the public sector forest service to become more viable and through shared objectives improve the institution's governance and fiscal situation. The contractor will be cognizant of these potential linkages and take proactive measures to insure that opportunities for synergy are capitalized upon.

Expected Module Results:

- Professionalized forestry private sector in place
- Organizations, Procedures and Instruments developed to support long term plantation concessions (including provision for private management and/or privatization of state-owned plantations)
- Forest exploitation permits and actions granted to chartered operators and publicly announced and posted on systematic basis
- Existing plantations under professional management
- Sustainably managed round wood supply to forest industry increased
- Reduction in ratio of licit to illicit wood products marketed
- New plantations established
- Alternative domestic and exotic high value species plantations under development as a complement/replacement to customary pine and eucalyptus plantings

Illustrative Activities to Achieve Results:

3.1 Strengthen national, regional and local level Syndicat National des Exploitants Forestiers de Madagascar and Groupements Professionnel des Producteurs, Explointants, Exportateurs de Bois de Madagascar

These organizations are in their infancy and need incentives to introduce a reorientation of private sector operation. Heretofore, the private sector operators have either avoided government regulation and/or worked in collusion to facilitate access to state resources, often to the detriment of the environment. As the resource base is increasingly recognized as being limited or depleted, an incipient willingness to change this orientation is evolving. The contractor will identify and work with the more visionary private sector leaders to define the ideals and organizational needs to shift to a roll of partnership with government and open competition for forest and forest product concessions.

Illustrative sub-activities:

- 3.1.1 Develop structure and management practices
- 3.1.2 Determine and institute points of participation and contact with government, civil society and community organizations
- 3.1.3 Provide computer assisted training modules and identify other training opportunities
- 3.1.4 Ensure that cutting and transport norms including provisions dealing with social concerns such as child labor and worker safety adopted by associations
- 3.1.5 Establish voluntary compliance reporting forms certifying compatible practices with forestry laws, norms and contractual stipulations.
- 3.1.6 Prepare and distribute guides and manuals and other training materials to members on all aspects of removing wood products from natural forests in the country

3.2 Promote private investments in forest plantations

Although still relatively limited in size, the existing plantation forests of Madagascar constitute important assets on which forest industry development can evolve. The contractor will examine the range of short, medium and long term options for plantation forestry in the country. Existing forest stations, abandoned lands, secondary forests, and existing public sector plantations all represent potential areas of investment.

Existing plantations offer an interesting starting point. For instance, the State-owned pine plantations of Fanalamanga in Moramanga, with around 180,000 hectares of land under its control out of which about 50,000 hectares of pine plantations still available (from an initial 80,000 hectares) can itself provide the raw material base for the development of important wood-processing activities. With good management and relatively small investment it may be possible that these types of pine plantations could, in the near future, provide more than 1,000,000 cubic meters of pine round wood per annum—a significant volume capable of supporting as many as 10 to 15 medium-sized wood-processing plants. With such forest and industrial assets, economies of scale and industrial integration would support downstream processing and a number of peripheral economic activities; enhance timber yields; and in general increase profitability of the sector and its economic contribution to the country.

A number of other State-owned pine plantations, although smaller than the Fanalamanga, still have significant potential for the development of the forest industry of Madagascar. In addition to the large pine plantations, small private plantations, mostly of Eucalyptus, contribute significantly to the local markets for firewood, charcoal, poles and construction materials. Madagascar is also endowed with large areas of unused land that could support new forest plantations. The contractor should explore possible public-private sector alliances as a key mechanism to develop a partnership in promoting a revitalization of the forest plantation industry in Madagascar.

Illustrative sub-activities:

- Identify, notably through a land-use planning exercise, the land that could be made available for private sector or community-based plantations (linked to RM 1)
- Address outstanding or potential land-ownership issues (“*problèmes fonciers*”) to ensure the long-term ownership of standing forests
- Conceive and implement legal mechanisms enabling the private sector or the community-based organizations to transfer or sell rights on their forest plantations
- Put in place mechanisms to facilitate access to finance
- Identify and implement different fiscal incentives to encourage investment in forest plantations including clear provision for secure *Reserves Foncières pour le Reboisement* (RFRs)
- Identify and capitalize on international mechanisms and programs, such as the Carbon Sinks Program, to attract international investors to invest in forest plantations in Madagascar

3.3 Establish a chartering system to establish eligibility for and allocation of logging permits and plantation concessions and contracts

At present logging permits are granted with little consideration given to long-term impact and management. Loggers frequently operate under expired permits and/or outside the locations specified by the permit. These practices have been suspended pending reorganization. Most permits in the country have been withdrawn and can be expected to resume under different more limited and controlled conditions. The contractor will examine the conditions under which permitting takes place and work with private sector forestry associations to define appropriate standards, accreditation and registration procedures and internal and external regulatory oversight. These changes will result in a reduction of abusive forest exploitation and in the implementation of a system in which long-term benefits can accrue to operators of forest plantations, arrangements with communities, and in limited natural forest concessions (which USAID does not directly support).

Illustrative sub-activities:

- 3.3.1 Establish professional order of loggers
- 3.3.2 Determine government regulatory role (link to RM 2)
- 3.3.3 Establish requirements for employees and sub-contractees and insure they are trained and operating according to agreed upon standards
- 3.3.4 Establish enforceable set of provisions for suspension, cancellation, sanction and reinstatement

3.4 Promote use of new higher value plantation species

The contractor will assist Madagascar to engage itself in developing plantation forests with higher-value plantation species, such as teak or mahogany, and aggressively pursue the beneficial results of work done by CIRAD (*Centre de Coopération Internationale en Recherche Agronomique pour le Développement*) and others in natural species domestication. Other multi-purpose species should also be studied for their adaptability to Madagascar's environment and their profitability, such as rubberwood, upon which Malaysia has created an efficient and profitable export-oriented furniture industry. Market demand trends will, however, have to be taken into full consideration in the selecting species to be planted. Additionally, industry and industry associations may form links to MEF forest station revitalization programs in order to capitalize on facilities and remaining stands from prior plantings.

Illustrative sub-activities:

- 3.4.1 Identify different species suitable for Madagascar's ecological conditions that have appropriate wood-processing qualities and commercial opportunities.
- 3.4.2 Pursue applied research on reforestation of new species and domestication of natural species.
- 3.4.3 Disseminate program and research results, plus any useful information on current or perspective new plantation species and plantation techniques to concerned stakeholders

Results Module 4. Good Governance of Natural Resources through effective control and management of forest and biodiversity utilization

A major threat to existing forest resources is that of continued illegal exploitation of those resources in the form of illegal logging and cutting, collection of endangered species; and illegal mining activities in and around protected areas. The new administration has clearly stated that they will undertake nationwide efforts to ensure good governance, law, and order. The new team at Malagasy Forest Service has shown a heretofore-unknown willingness to collaborate with international donors on improving governance of forest resources.

The contractor will support efforts to begin to allow the Malagasy Forest Service to manage and promote the rational exploitation of natural resources for the good of the country. Madagascar is currently a signatory to the UN Convention for International Trade in Endangered Species (CITES),

but currently lacks the capacity and expertise to manage and control activities under this convention. As one aspect of controlling the trade in flora and fauna, the contractor should look at supporting the capacity of the CITES Management Authority to be better able to set quotas, species establish management plans, monitor activities, and report to the CITES Secretariat. The contractor should also support independent efforts to better monitor and control illegal exploitation activities, while promoting the rational use of flora and fauna for the overall economic development of the country.

CITES is only one aspect of control efforts required. The contractor should also support efforts to improve the forest control capacity not only within the Malagasy Forest Service, but with other regional and local actors both private and public. Efforts also should take into consideration rationalizing the permitting system for forest exploitation to ensure maximum transparency. Complementary to permitting is ensuring that control and law enforcement efforts are improved to ensure that there are adequate disincentives to discourage illegal and/or inappropriate exploitation/use. While this area has been traditionally been undertaken by the State, there are numerous models now being used in other countries which involve independent actors at the local, regional, and national level.

USAID in collaboration with other donors, such as GTZ, have worked to begin examining how participative control measures can be put in place. The contractor should build upon and expand upon these efforts. These activities need to also be linked in with other sectors, such as mining, where there is a conflict over jurisdiction and leadership rights and responsibilities. Finally, the contractor should look at actors outside the traditional realm of control bodies, and to sensitize and train members of the police, customs, courts, and appropriate ministry personnel who are involved in the monitoring and control of natural resources.

Activities in this results module have important linkages and impacts on other aspects of the USAID program, as well as contributing to the overall EP3 results. Enforcement and control activities will have direct impacts on the SO6 IR 5.1, but will also need linkages with the SO4 for Democracy and Governance, as well as efforts by other donors such as GTZ and the government, notably the Forest Observatory. The strategy also reinforces critical EP3 activities 2 3.3 c and d and 1.2.1 c which promote better forest exploitation control and reinforcing the capacity of all government, regional, local, on other actors to monitor and regulate natural resource use.

Expected Module Results:

- CITES Management Authority able to establish viable species management plans, quotas, and efficiently and adequately monitor and report on permits and activities to the CITES Secretariat
- Reduction in illegal exploitation of forest resources
- Reduction in the number of irregular permits given out
- Increased understanding of trade related activities
- Increased seizures of illegally harvested flora and fauna at ports, airports, and routes
- Increased number and area covered by control activities
- Control activities carried out in a coordinated manner with Police, CIREF, and communal representatives
- Transparent permitting established and operational
- Mining activities in forests reduced
- Permit tracking system established
- Natural resource utilization decisions based on knowledge from information management system

Illustrative activities to achieve Results:

4.1 Support monitoring, control, and enforcement of trade in biodiversity

There is significant domestic and international trade and use of flora and fauna in Madagascar which is largely uncontrolled. The enforcement and control of sustainable natural resource use and trade is critical to future efforts of biodiversity conservation. Currently there is little capacity within the Madagascar CITES Management Authority to undertake and develop species management plans, establish quotas, and monitor activities under the CITES Convention. During the past few years there have been a number of seizures of shipments of species from Madagascar which far exceeded their quotas. Because Madagascar is in violation of their agreement, the CITES Secretariat visited the country during the past year, and was impressed with the new governments efforts to get a handle on the problem. While CITES will be providing some support to Madagascar, the contractor will need to provide additional support to develop the capacity of the CITES Management Authority and put systems in place to monitor and report on trade.

In addition to support to the CITES Management Authority to monitor and better manage trade, there is a real need to better understand what is happening domestically in terms of trade and use of biodiversity. The Contractor will support institutions to undertake important natural resource use assessments and provide support to the CITES management authority to develop systems and improve their management capacity. Assessments could look at levels of poaching, illegal off-take of medicinal and natural products, illegal trade in flora and fauna destined for international markets, etc.

Illustrative sub-activities:

- 4.1.1 Develop technical capacity of CITES Management Authority
- 4.1.2 Improve understanding of trade and use of flora and fauna, both domestically and internationally

4.2 Establish and improve forest regulation and control capacities by Malagasy Forest Service, communities and legal authorities

USAID will promote a complete package of support for the Malagasy Forest Service which looks at permitting, monitoring, control, and regulation of forest utilization activities to promote a more sustainable approach to forest management. Building on USAID and GTZ support the contractor shall develop a participative community-based control strategy. This approach consists of engaging all actors (legal enforcement agencies, local and regional courts, forest management authorities) in the creation of Local Vigilance Committees (VNA) around and/or in important forest areas. This strategy is now well accepted by MEF partners in Moramanga, Toamasina, Majunga and Fianarantsoa regions, and the CIREF/Moramanga is process of initiating implementation.

Significant progress has been made with USAID assistance to limit the number of irregular and illegal permits given for forest resource exploitation. However, to better promote the sustainable use and management of forest resources, a transparent permitting system must be developed and put in place. The contractor will build on USAID activities to date, and develop and implement a new transparent permitting system for forest/natural resource exploitation.

As a complement to the new permitting system, the contractor shall develop a comprehensive monitoring and control system, which improves the services and activities provided by the Malagasy Forest Service regional and local actors as well as including other agencies and partners to provide for the best monitoring coverage. The contractor will develop capacity of local and regional actors to better undertake control and regulatory activities. Integration of activities with other sectors with which the forestry sector overlaps will be critical to the success of the USAID investment in this area and ultimately in the long term sustainable forest conservation measures. One example of this overlap is with the mining sector, where permits have been given out to explore in sensitive biodiversity areas and forests. Coordination with the mining sector is especially important, and the contractor will build upon USAID activities to better collaborate with the mining sector to ensure that mining activities are undertaken in a manner which does not degrade forest resources. This program should not be just

focused on control activities, but should also integrate basic monitoring activities to increase the understanding of the forests in Madagascar.

Illustrative sub-activities:

- 4.2.1 Revise current forest permitting process to be more transparent, better monitored and controlled at all levels.
- 4.2.2 Improve current control and law enforcement of natural resources use, primarily in biodiversity rich forests
- 4.2.3 Ensure integration of control and monitoring activities with other sectors, and regional and local government actors
- 4.2.4 Improve and expand current information management and knowledge development system currently established through USAID support.

4.3 Build upon initiatives from other actors to reinforce good governance measures

USAID has begun to integrate other actors in the control and enforcement of natural resource use. This is particularly important in terms of support to CITES (noted in 4.1 above), as Madagascar was recently visited by the CITES Secretariat to improve performance of Madagascar. Madagascar has continuously exceeded quotas and had illegal shipments of flora and fauna seized in other countries. Therefore, the contractor shall better integrate police, customs officials and the courts into control efforts. Police and customs agents need to be trained so they understand the regulations and are able to identify situations when inspections are required, The Courts need to be sensitized to the laws, and begin imposing the correct fines as a motivational factor to deter illegal exploitation. Other countries have demonstrated that if one case a year is prosecuted to the fullest extent of the law with heavy fines imposed, this acts as an adequate deterrent to others carrying out illegal activities.

Illustrative sub-activities:

- 4.3.1 Interact with local authorities and encourage a more active engagement in supporting enforcement actions initiated by the Malagasy Forestry Service , CITES authority, local monitors
- 4.3.2 Interact with the courts system and encourage a more collaborative relation to enforce infractions rather than undercut the efforts by forest agents
- 4.3.3 Develop an understanding and acceptance by other ministries of their impact on the management of forest ecosystems

Results Module 5: Transparent and Effective Management of Forest Sector Budgets and Planning Processes

The ability to ensure good fiscal management and ensure that adequate resources reach the field will be an important part of the USAID program. Sound fiscal management of budgetary resources and FFN/FFR funds is one of the major needs within the Malagasy Forest Service. Activities will need to be well coordinated with the other EP3 donors, as the World Bank and French Cooperation will also be providing assistance. In terms of USAID support, being able to manage funds and resources is only part of the problem. Being able to get funds to the field to finance activities is also a critical component of support, which will be provided under this contract. Unfortunately, government budgetary subventions are not adequate to cover field activities of the DIREFs and CIREFs. To ensure adequate motivation and capacity to function, the contractor will need to establish a mechanism whereby funds from the project can be transferred to the field based Malagasy Forest Service staff. These funds should be used on a performance based system, which will allow those CIREFs and DIREFs that perform and account for funds to receive additional funds. The contractor needs to facilitate the effective functioning of field agents within the new system, and promote this with the

other EP3 partners to leverage additional funds for their activities. This leveraging will maximize program impacts in relation to USAID funding levels.

Expected Module Results:

- Annual audit results from independent audits of FFN/FFR accounts improve each year
- Total value of funds passed program implementation fund through to CIREFS and DIREFs
- Percentage of CIREFs and DIREFs provided funding which receive two or more cycles of funding
- Total value of additional funds leveraged through the program
- Increase in percentage of forest fees collected
- Performance based monitoring system established in all CIREFs and DIREFs

Illustrative Activities to Achieve Results:

5.1 Reinforce EP3 Support for transparent and equitable management of Malagasy Forest Service funds and budgetary resources

The contractor will design activities to complement the overall donor assistance to the Malagasy Forest Service for addressing fiscal issues and sustainable financing. Assistance should be made to improve the capacity building of the Management Committees of the national and provincial forest funds (FFN/FFP) to monitor the use and the planning of the these funds and to report regularly their management to the large public. Based on the FFN/FFP decree, a Management Committee composed of representative from the communes, the loggers, and NGOs, should be established at each DIREF and CIREF to follow up the management of the Forest Funds. These groups should be encouraged to extend the Forest Observatory task of monitoring the collection and use of forest fees.

Illustrative sub-activities:

- 5.1.1 Participate in multi-donor effort to work with improving fiscal systems and oversight
- 5.1.2 Assist in operationalizing recommendations of the FFN/FFR audit through training and review of operational planning at the field level in USAID priority regions
- 5.1.3 Differentiate budget allocations geographically based on zoning and forest management needs (coordinate with RM 7)

5.2 Establish a funding mechanism to place direct program funds at the local and regional levels

Regional and local level activities will be supported by small grants and/or sub-contracts that complement other sources of funds available at the local level. The contractor will establish and internally manage a small project fund or “activity implementation fund” to channel equipment and funds directly to the field level of the newly evolving forest service in USAID priority eco-regions. These funds will be distributed using a simplified approach to performance-based funding. The contractor will work directly with local financial accounting firms or NGOs as intermediaries to set up a simplified system at the CIREF level administrative and financial services to ensure that funds are adequately accounted and appropriately allocated to meet program objectives.

Since grants or sub-contracts cannot be provided directly to local governments (i.e., the *communes* or CIREEF), the grants will be made to non-governmental organizations (NGOs) or local financial consulting firms for disbursements on behalf of CIREEF or local government organizations with the contractor providing TA. CIREFs will work with all forest service personnel and with communes, GELOSE/GCF committees, NGOs and other partners to design and implement key activities. As such, the additional funds will enable local forest development initiatives to move from a base EP3 program to one of enhanced activities and results

These funds should be designed to approximate funding levels in an ideal situation of forest revenue generation, allocation and distribution. The Contractor should establish close linkages with the World Bank to ensure good coordination of funding for field activities as a means to ensure a larger coverage of CIREFS. Proposals should include a description of how the bidder would undertake local disbursements with adequate (WB) financial controls. Innovative approaches taking into account previous experience and encourage long-term program sustainability are encouraged.

Illustrative sub-activities:

- 5.2.1 Administer an activity implementation fund
- 5.2.2 Establish guides and train personnel in planning and budgeting in a results-oriented performance-based mode
- 5.2.3 Initiate test of direct funding to lead circumscriptions
- 5.2.4 Generalize approach at levels approximating anticipated funding under ideal operation of system without project support

5.3 Complement other EP3 partners' support to reform fiscal, administrative, financial accounting and management systems

The current annual planning approach at the field level is to set targets such as number of hectares reforested, number of GELOSE/GCF contracts signed, number of anti-burning meetings held and the like and to submit plans with budget figures that are aggregated at the DIREF level and submitted to funding. Budget allocations are made centrally; some of the allocated funds actually make it to the field offices to support programs. The core thrust of RM 5 is to insure that funds do make it to the field level. Activity 5.2 intends to make sure field offices are not constrained by the absence of core funds. In this sub-activity the contractor shall establish a program to move local planning more toward a performance based system where results at the field level constitute the critical drivers of the budgeting and administrative systems.

Illustrative sub-activities:

- 5.3.1 Establish activity-based programming standards at the Malagasy Forest Service SAF
- 5.3.2 Assist the SAF to develop cost standards for various activities
- 5.3.3 Train all CIREF and DIREF staff in performance based budgeting
- 5.3.4 Provide TA to field offices located in critical focus areas of the USAID program
- 5.3.5 Assist the Ministry to assess initial experiences in applying the new results based budgeting and program administration
- 5.3.6 Develop 'best practices' notes which can be refined into a new administrative manual for field offices

Results Module 6: Environmental Impact Assessments Used Effectively to Protect Threatened Habitats

The Environment Program calls for close tracking of the legal and institutional context for investment to ensure that existing and any new investments are consistent with environmental protection and conservation goals. The important set of regulations governing the environmental aspects of investment in Madagascar is the Environmental Impact Investment Law (MECIE) that was passed in 1995 and revised in 1999. Since the passage of this law, only 80 Environmental Impact Assessment have been undertaken and reviewed by the National Office of the Environment (ONE). Within certain sectors, awareness of this law continues to be very low. Even when investors are aware of it, the perceived complexity of the process – both institutional and technical – has served as an impediment to the increased application of the legislation. As good governance and law and order are cornerstones of the new administration, application of this law is critical to ensuring good environmental governance.

There is a need to rationalize the currently complex and fragmented institutional framework required for the effective application of the environment impact assessments. This will require addressing four sets of intertwined subjects; that is the need to: (i) define an appropriate division of responsibilities between the Ministry of Environment and ONE which is subsequently reflected in the functional structure of both organizations; (ii) clarify the responsibilities between the Ministry of Environment and the sectorial units; (iii) define the division of roles and responsibilities between the central and decentralized levels; and (iv) reinforce a service oriented role for ONE.

The activities in this Results Module contribute directly to IR5 to improve environmental governance with direct support to IR 5.2 to ensure effective and inclusive application of environmental impact assessments. This module is also critical to mainstreaming the incorporation of environmental concerns across all sectorial policies and programs, by strengthening Results 2.3.1 and 2.3.3 under the EP3 results framework.

Expected Module Results:

- Ministry of Environment and ONE ensure effective application of MECIE law and integration of environmental considerations into socio-economic investments decisions
- Sector policies include an environmental dimension and new legislative are subject to an Environmental Assessment
- Increased number of public and private investments are in compliance with environmental safeguards and mitigation measures, as stipulated in corresponding EIAs
- Strategic EIAs improve consistency of environmental legislation and procedures across sectors and adhere to international conventions
- Public participation provides input and monitors EIA/PREE process
- EIA procedures and requirements are communicated to the private sector in a simplified, service oriented and coherent manner.

Illustrative Activities to Achieve Results:

6.1 Reinforce the National Environmental Office (ONE) to play a service oriented role for environmental review and monitoring

Under PE3, the role of ONE will be reduced from overall program coordination to a set of core functions that center on playing a lead role in the environmental impact and review process and in managing the information necessary for effective cross-sectoral mainstreaming of environment. The contractor will build on previous USAID work to consolidate the ONE expertise in supporting and insuring compliance with current environmental laws and procedures (MECIE). To fulfill this function, ONE will need to move from an approach of “control and command” based on the belief that investors must follow the EIA regulations to an approach of “performance and service” with an accent on partnership and identification of common objectives. As such, a communication strategy should be developed, oriented towards performance that portrays a service image.

Illustrative sub-activities:

- 6.1.1 Develop a communication strategy that projects ONE as with an service oriented image to potential clients
- 6.1.2 Develop an incentive system to investors that rewards investors who are in conformity with the EIA and informs potential investors of the costs of non-conformity, encouraging investors to maintain a high level of quality

- 6.1.3 Improve the efficiency of the process by establishing partnerships with both public and private sector
- 6.1.4 Closely link environmental monitoring and compliance functions to ONE's capacity to acquire, manage, and make use of environmental information
- 6.1.5 Initiate and complete retroactive reassessment of major economic investments based on MECIE law
- 6.1.6 Support ONE for the classification of businesses based on MECIE's criteria and incorporation of this information into a database

6.2 Ensure Independent Quality Control and Oversight functions are built EIA process

The new MECIE application decree provide a breakdown of EIA management roles and responsibilities between the Ministry of Environment and ONE, however, it remains insufficiently clear. In the decree, the Ministry of Environment is slated to chair the Technical Evaluation Committee (CTE). As they do not have adequate human resources, this role in practice often resorts to the responsibilities of ONE. The decree defines ONE's role as one of a secretariat rather than an independent technical body. As such, ONE no longer has the authority to provide an independent opinion without the concurrence of the Ministry of Environment. This has affected ONE's capability to play an objective and independent role as indicated in the Environmental Charter.

With a new Ministry in place, it is important to redefine their respective role that ensures an independent technical role for ONE in the process whereby they retain an independent voice in the evaluation of EIAs with the Environment Technical Unit (CTE). Public and civil society need to continue to play a critical role in ensuring a quality control in the EIA review process and the monitoring of environmental management plans. The Contractor's will need to address the capacity of: (i) public and civil society to fully play their role; and (ii) decentralized authorities (especially communes due to their proximity to the population) to play a more important role in reviewing EIA and monitoring environmental management plans. The Contractor should also work in close collaboration with private sector in promoting an internal auto-control of environmental impact of their investments within a specific sector.

Illustrative Sub-activities:

- 6.2.1 Develop and reinforce EA/EIA capacity at the regional level
- 6.2.2 Reinforce EA/EIA functions with evolving environmental information systems
- 6.2.3 Support public information programs and public engagement of EIAs
- 6.2.4 Work in close collaboration with national training institution (eg. CFSIGE, ESSA) to increase national capacity to carry out environmental impact studies
- 6.2.5 Encourage ISO – 1400 auto regulation of public-private partnership
- 6.2.6 Integrate ONE's MECIE Resource Center products into existing provincial information centers (CEDII, EPI, CIM) to facilitate the accessibility and availability of information on the MECIE process to key provincial, regional and local actors

6.3 Upstream EIAs to a Strategic Level

The concept of Environmental Impact Assessments is now well established and accepted in Madagascar. Over the eight years since the adoption of the MECIE Law, EIA has developed an institutional basis and a series of well-tested tools and techniques. While EIAs may be a valuable tool for incorporating environmental issue into the design of individual projects, it is not necessarily a good tool to deal with cumulative impacts, indirect impacts and large-scale effects. As a consequence, EIA's contribution to sustainable development is relatively limited. The last five years has seen a rapid growth of interest in the Strategic Environmental Assessment (SEA).

SEA aims to integrate environmental and sustainability considerations into strategic decision-making by addressing a wide range of impacts early in the planning process when alternative development

strategies are investigated. The value of placing individual EIAs and investments in the context of strategic environmental plans and assessments (SEAs) has been widely recognized. SEAs should create a framework for individual follow-on investments. An essential step to increase the efficiency and quality of SEA is to introduce and develop tools for its systematic evaluation. Neither the strategic environment assessment for the tourism sector in Isalo nor the mining sector in Vatoman-dry were reviewed and evaluated by the MinEnvEF and ONE as required under the MECIE. This is a major gap that needs to be addressed within the administrative procedures for EIA review.

The contractor will support the MinEnvEF and ONE to take the lead role in negotiating with the sectorial ministries to ensure that SEAs are systematically reviewed and discussed. Conclusions and recommendations within the SEA should be easy to use and interpret to ensure its utilization by a wide audience of planners, researchers and other interested parties. Priority sectors should include tourism, mining, rural development and infrastructure. Strategic environment impact assessments are critical means to decrease the EIA costs for the private sector serve as an objective quality control tool for the GOM.

Illustrative sub-activities:

- 6.3.1 Support ONE to undertake dialogue with the sectorial ministries to explain the EIA process
- 6.3.2 Work closely with the other donors' effort to strengthen environmental units in other ministries.
- 6.3.3 Development and execution of an awareness/education program for actors (decentralized authorities, local population, consulting firms, private sector and civil society) involved in the EA procedures including monitoring.

6.4. Ensure long term financial sustainability of the EIA process

The financial resources available for the review and evaluation of EIAs presently comes from two sources: (i) percentage of the value of the investments as per annex 3 of the MECIE decree; and (ii) EP2 donor funding to support EIA related activities undertaken by MinEnv and ONE. The resources from the investors are only available for the strict review of their EIA; and they are deposited into a special evaluation account (CSE) managed by ONE. According to the recent financial audit of the MECIE from 1999 - 2001, the breakdown of these contributions was as follow: (1) investor's contributions totaled \$800,000, and (ii) donor funding (WB and USAID) totaled \$305,000. The investors' contributions were used to carry out the review and evaluation of the EIA submitted by the investor. World Bank funds were used to finance ONE's operating expenses and USAID funds supported technical assistance, training and commodities.

Other bilateral and multilateral donors have also demonstrated an interest in pursuing and applying the concept for Strategic Environment Assessments (SEAs) for public sectorial investment activities. Unfortunately, the costs for the review and monitoring of these SEA are not eligible for donor funding as they are perceived as a tax. To address this gap, the Ministry of Plan should examine the feasibility to incorporate the cost of reviewing and monitoring the SEA within the Public Investment Program (PIP).

Although progress has been made in ensuring long term financial sustainability of the EIA process in Madagascar, a number of important areas remain to be addressed in order for EIA become a permanent part of the environmental management process for the country. There are various financial constraints for the financial sustainability of the EIA process. The MECIE Decree does not anticipate financial resources to cover the control and monitoring of the Environmental Management Plan submitted by investors. The MECIE Decree also does not set up any source of funds for the PREE review at the technical ministry level. In programming this expense, it will also be important to define the contribution to the CSE in the PIP as an expense rather than a tax.

The MECIE investor contribution, maintained by ONE, is an important means to ensure the long-term sustainability of the EIA process. The contractor will need to deepen previous analyses undertaken with USAID support under the EP2 to identify the most equitable means for investors (public and private) to contribute to the EIA review and monitoring process. Approaches and opportunities should also be identified to decrease the average cost to evaluate an EIA while increasing the number of investment projects submitted to the EIA review.

Illustrative sub-activities

- 6.4.1 Further existing analysis to define equitable systems for investors, both public and private, to contribute to the review and monitoring of EIAs
- 6.4.2 Establish a results based financial system to plan and monitor MECIE resources
- 6.4.3 Publicize on a regular basis the audit of the special evaluation account (CSE)

Results Module 7: Strategic Planning, Coordination and Information Service in the Ministry of Environment, Water and Forests

Under the EP1, the implementation of the NEAP took the form of a number of separate donor-driven projects without explicit linkages between each other. EP2 was based on a “program approach” of different components implemented by executing agencies (AGEX); on multi-donor appraisal and negotiation process; and on the establishment of a donor coordination mechanism. The key mechanisms of the program were: (i) an annual consolidated programming and budgeting process, through periodic joint donor-GOM reviews; and (ii) a consolidated monitoring and evaluation system. In retrospect, the system had the benefit of promoting close collaboration between the AGEX and the donors, but it was also overly time consuming; and was ill-adapted to working with bi-lateral donors, private sector and other key partners.

Based on lessons learned of the EP2 and the need for more flexibility and the participation of more actors, the third phase of the National Environment Action Plan (EP3) is based on a multi-actor approach (AGEX, local governments, communities, NGOs, service providers, etc), under a system of performance based or results based contracts or grants. As such, it is a high priority for the Ministry of Environment, Water and Forests to reinforce information and knowledge about environment activities that directly and indirectly support the strategic framework of the EP3. The new team in charge of the Ministry is convinced that an improved information system will allow them to make better informed strategic and programmatic management decisions that would also improve good governance of natural resources.

In order to better integrate the environment program with the country’s overall development in the pursuit of environmental mainstreaming, the EP3 also needs to enhance coordination with other programs, such as the Rural Development Program (PADR), rural roads (PST) rural infrastructure (FID), energy mining and tourism. Formal agreements should be established that would cover five domains: (i) division of responsibilities; (ii) complementarity of activities; (iii) areas of synergy; (iv) areas of duplication; and (v) conflict management.

In response to this change in approach for the EP3, the contractor will provide support to the MinEnvEF in using information-related tools to: (i) replace the programming and budgeting model of EP2 by a much lighter and qualitative annual planning and coordination process; and (ii) design and implement a results based monitoring and evaluation system and organize information flows to capture outputs and outcomes of the various activities that together will make up the EP3. The analysis and coordination of information within the MinEnvEF will improve their capacity for planning, monitoring and coordination at all levels.

The activities in support of this Results Module contribute directly to IR5 to improve environmental governance with direct support to IR 5.1 and 5.3; that is, by integrating environmental knowledge and

information in decision making public resources and revenues are managed more transparently and equitably. This module is also critical to ensuring a coherent coordination of the overall EP3; and as such, it is imperative that the RM 7 effort be closely coordinate with other donors and partners. This effort supports overall EP3, but particularly strengthens result 2.2.1, 2.3.3 that focuses on the use of environmental information for better decision making at all levels.

Expected Module Results:

- National authorities and donors have information on environment and natural resources activities which lead to improved coordination and coherent programming of activities
- Information on mining and forest resource exploitation activities improves transparency of the permitting process and good governance of natural resources
- Forest cover and bush fire evolution dynamics are documented, better understood, and used by decisions makers in formulating policy
- Monitoring and good governance of natural resources is improved through decentralized information systems at all levels

Illustrative Activities to Achieve Results:

7.1 Support to Ministry of Environment Water and Forests (MinEnvEF) Program Information and Coordination Units

The MinEnvEF has program information and coordination units at the level of the Ministry and the Forestry service. The overall objective of the units' work will be to assure both the programmatic coherence as well as transparency of operations of all environmental and forestry activities within the EP3 strategic framework. The objectives are: (i) to ensure results based monitoring of all environment and forestry sector activities; and (ii) to analyze the impact of these environment and forestry activities and provide reports to the Government and donors; and (iii) provide all stakeholders with the information for decision making concerning priorities and activities to attain overall strategic objectives. In close collaboration with other donors, the contractor will provide direct support to the coordination and information units so that they are able to collect, manage, analyze and report on all relevant environment and forest program activities.

Illustrative sub-activities:

- 7.1.1 Support the design and implementation of a results based monitoring and evaluation system for program activities based on common strategic indicators for the EP3
- 7.1.2 Support the development of a financial management system that tracks the financial contributions of donors and other partners to the EP3
- 7.1.3 Reinforce existing geographical information system to improve decision making capacity at all levels
- 7.1.4 Establish an overall knowledge management and documentation system to facilitate dialogue with partners and lobbying for additional financial resources
- 7.1.5 Support the establishment and operationalization of partnerships with other ministries and sectoral programs and activities (eg. DSRP, PADR, PST etc.)

7.2 Monitoring Natural Resources Use of Sector Specific Activities

Sharing information with the administration, regional and local authorities and the general public about the permitting process for forest and mining resources and tourism infrastructures is a priority for a more rational use of natural resources. This includes the geo-spatial location of existing and newly requested forest resource and mining exploitation permits and requests for construction of tourism infrastructure in the proximity of protected areas. Building on previous support provided by USAID, the contractor will continue to support the on-going development of a functional information system at Ministries of Water and Forests, Mines and Energy, and Tourism. This will include a

system that can integrate data and produce maps and reports of existing and ongoing forestry, mining and tourism permits at all levels. This tool will also be used to ensure these permits are not being issued in designated zones and indicated under the MECIE.

Illustrative sub-activities:

- 7.2.1 Undertake a comprehensive review and revision of the “zones sensible” definitions
- 7.2.2 Integrate geo-reference forest cover information and localization of permits into the forestry, mining and tourism sector databases
- 7.2.3 Establish a system that addresses issues of conflict and facilitates discussions among all stakeholders
- 7.2.4 Ensure coherency and understanding between the legal texts in the environment, forestry, mining, and tourism sectors as concerns the issuance of permits in relation to sensitive zones

7.3 *Monitoring of Forest Cover and Bush Fires*

The Contractor will need to continue to provide support to MinEnvEF and other Malagasy partners in the monitoring of forest resource loss/degradation. Support should be provided to develop a coherent national framework for the monitoring of priority ecosystems throughout the country. New satellite data should be processed and analyzed and support should be provided to facilitate the circulation of updated information regarding deforestation issues. This information needs to be linked to the designation of priority intervention zones to better focus EP3 program activities. In collaboration with USGS and USFS, existing fire databases should be updated to produce spatio-temporal analysis and new information tools relevant for bushfire monitoring. Geo-referenced database development and technical information and knowledge management support would also allow for a more focused implementation of the national bushfire prevention campaign.

Illustrative Sub-activities:

- 7.3.1 Reinforce the further refinement and update of geo-referenced data bases on the evolution of forest cover in Madagascar
- 7.3.2 Update and operationalize bushfire databases
- 7.3.3 Conduct and disseminate bushfire analysis
- 7.3.4 Develop new/innovative forest cover and bushfire monitoring tools and techniques

7.4 *Decentralization of Ministry of Environment and Water and Forests information systems*

An important aspect of improving information for decision making is the decentralization of environment and forest resource information and knowledge management to the provincial, regional and communal/circumscription levels. The wide range of knowledge management tools and approaches developed over the last ten years under the environment program are critical elements to the successful integration of environmental concerns into communal, regional and provincial socio-economic development planning. This activity would be accompanied by capacity building on the use of data for decision-making amongst regional MEF officials, partner NGOs, and civil society groups. It is also critical to develop communication tools that explain the use and value of this information.

The contractor will maximize the use and application of these tools and approaches by focusing support on key institutional partners (eg. MinEnvEF, SAGE, ONE, ANGAP, MEM, MinAgri, etc.) at the provincial and regional levels. These activities will concentrate on ensuring that adequate knowledge and information management systems, techniques and capacities have been developed by these critical environmental actors to ensure the transversal integration of environmental concerns into the investment and development programs of key environmental and rural development partners. The contractor should also continue to support the efforts of the National Office of the Environment (ONE) to develop and produce quality provincial environmental analyses through the Provincial Tableau de Bord in priority ecoregions.

Furthermore, the contractor should continue to support GIS users in the priority eco-regions in the domains of data collection, storing and conversion, information analysis, and dissemination. These informational tools greatly aid the development of strategic management plans for the remaining forest corridors, and offer environment/forestry management bodies (public, private, and community) information. This will allow them to involve themselves in regional planning activities at two levels: Communal Development Plans (PDC) and Village Development Plans (PDV).

Illustrative Sub-Activities:

- 7.4.1 Define formal delineation of roles and responsibilities between the national and provincial environmental structure
- 7.4.2 Ensure use of geo-referenced documents on the national and regional forest zoning processes and biodiversity priorities are available and in use by provincial and regional decision makers in priority eco-regions
- 7.4.3 Support priority CIREFS in the development of capacities to manage information on forest resource use and exploitation
- 7.4.4 Provide use of data for decision making at provincial, regional, and communal levels, including the further refinement of regional “tableaux de bord”
- 7.4.5 Develop advocacy and outreach materials and tools to communicate relevant environmental government policies at the provincial and regional levels

D. Linkages and Partnerships

In the development and implementation of activities under this contract, it is key to understand key linkages and partnerships within the context of the Environment/Rural Development program. While the specific and illustrative activities to achieve the results are outlined in the “Result Modules” above, these modules will not take place in isolation. Rather activities are inextricably linked to other partners and program activities in order to attain the different results. Key linkages and partnerships are outlined below.

1. *Linkages with Other USAID Strategic Objectives*

Within the USAID program, the ecoregional conservation and development approach is based around two pillars. The first is conservation of critical biodiversity habitats and the second is sustainable use of natural resources in a broader landscape. Given the importance of the natural resources base to the socio-economic fabric of the Malagasy society, linkages between the environment/rural development strategic objective and USAID economic growth, agriculture, health, and governance activities are critical. Some of the key elements of these linkages are highlighted below:

Democracy and Governance: Given the importance of the good governance as a fundamental element for sustainable environment management, areas for collaboration are significant. A close partnership will be established by which DG expertise and skills can facilitate environment partners to play more effective roles in good governance of natural resources. Improved natural resource management will also be used as a concrete way to promote the benefits of democratic governance and rule of law reforms that are being put into place in Madagascar.

Health, Population and Nutrition: Collaboration between environment and health strategic objective has been actively pursued over the last ten years, and has been growing in importance throughout the program. One of the sub-goals of the USAID/Madagascar CSP (1992-98) was *to balance population growth with natural resource use*. The underlying principle has been that an integrated population – environment approach would lead to stabilization of the population and eventual decrease in the high population growth rates reducing pressures on the natural resources base. Health-environment linkages have been further defined as improved natural resources management contributes to improved food security that leads to healthier, more productive families. Within priority watersheds, a direct linkage can also be made between improved water quality and increased supply of potable water for the rural populations.

Food Security: The food security analysis clearly highlights the “*pro-poor economic interventions must be accompanied by actions that enable and empower the poor to take advantage of the development opportunities that come their way*”. Furthermore the report highlights that as “*deforestation advances and destroys forest ecosystems, perhaps the country’s most valuable natural resource, it leaves the local and downstream populations poorer and more food insecure*”. As such, improved natural resource management focused on conservation and sustainable use by working with people close to the natural resource base will have a direct impact on improving food security for the rural poor.

Market, Business and Development: Based on the experience of the last ten years, it is clear that the improved natural resource management must be coupled with economic development to lift people out of poverty, reducing pressures for deforestation allowing improved biodiversity conservation. The Agricultural and Trade SO is therefore a key complimentary strategic objective that will introduce more productive agricultural technology, build links between producers, agri-businesses and external markets and improve economic and trade policies which encourage investment and exports.

There will be interventions at key production and commercialization phases of the commodity chain, from small farmers living near forest corridors to agri-businesses operating in coastal areas. Increasing productivity also requires competitive market development by farmers and rural based enterprises. Marketing strategies based on consumer demand and diversified products, and linkage of producers to markets will be key elements to ensure that the production of agriculture and environmental goods and services is sustainable and profitable.

USAID will build on past achievements to improve production systems in both regions, creating the necessary conditions to revitalize regional economies and multiply market opportunities for agri-businesses and small farmers. The goal will be to considerably broaden the impact of previous interventions by working with more farmers and strengthening market based connections between small producers and private enterprises, especially those involved in cash crop processing and export. The two SOs will share the agricultural productivity intermediate results that will serve to further reinforce the linkages between activities and their contribution to biodiversity conservation.

2. *Partnerships with Other Stakeholders and Donors*

The NEAP provides an overall framework for the intervention of national, regional, and local stakeholders, donors, international and national NGOs, civil society and private sector to support sustainable environmental management in Madagascar. Bilateral and multilateral donor support of NEAP's first phase (EP1) totaled \$150 million; another \$120 million was provided for EP2. It is critical that USAID's support to the third phase of the NEAP compliments the support of other partners and other national investment programs to ensure maximum impacts. The contractor should demonstrate how they will work in close collaboration with other national and regional entities, civil society and private sector to achieve specific results.

Malagasy partners within the context of the NEAP include the Ministry of Environment, Ministry of Water and Forests, Ministry of Agriculture, National Office of the Environment (ONE), National Association for the Management of Protected Areas (ANGAP), National Association of Environmental Actions (ANAE), and Environmental Management Support Services (SAGE). Another key partner is Madagascar's first private national environmental organization, Tany Meva (Beautiful Land), which was established with USAID funding and began grant making in 1997.

As USAID's Malagasy partners move forward with the implementation of the next five year strategy for the NEAP (EP3), it is important to continue to dialogue on numerous fronts. These include the need for better governance of forest resources; clearer definition of responsibilities between environmental institutions and autonomous provinces; need to shift from "tool development" to "client/service" focus; better defined targeted areas for intervention based on environmental priorities; linkages between EAP and other national investment programs (e.g., PSRP, PADR); financial sustainability of environmental activities, and increased partnerships with other sectorial ministries, civil society and private sector. Other partners could include:

- Host country government ministries and agencies;
- Local, US or third country foundations
- National non-governmental and commercial organizations
- Private businesses, including banks and other financial institutions
- Host country private businesses
- Business and trade associations
- Civil society and advocacy groups

The contractor should also explore how they can collaborate and leverage funding from other donors and international NGOs. Under the third phase of the environment program, the WB and GEF funding will focus on three components: (i) protected areas management; (ii) forest ecosystems management; (iii) environmental mainstreaming. Bilateral donors will also continue to be involved in the forestry

sector. Germany continues to provide support in the implementation of a new forestry policy. France is helping to improve forestry sector fiscal policies and promoting community-based NRM. The three principal international conservation organizations active in Madagascar are WWF, Conservation International, and the Wildlife Conservation Society. They are primarily involved in improved management of biodiversity habitats, community-based forest management, sustainable financing options, and environmental education. U.S. PVO development partners include PACT, CARE, ADRA, and CRS, and a host of national NGOs.

3. *Guidance on Key Partnerships and Linkages*

With the importance of partnership and linkages within the context of the National Environment plan and the eco-regional approach, the following additional guidance is provided to bidders:

- **Preference for partnerships with Malagasy institutions and organizations (Environment institutions, consulting firms, etc).** Bidders are encouraged to partner with Malagasy organizations for program implementation and to develop their proposal collaboratively with such organizations. USAID would like, through this RFP, to continue to promote and empower Malagasy organizations to better be able to manage the application of environmental impact assessment to conserve biodiversity assets. USAID would also strongly encourage the bidder to use Malagasy expertise and consulting firms.
- **Innovative opportunities for Global Development Alliances.** Bidders are encouraged to examine the applicability of Global Development Alliances or public-private alliances for carrying out key activities, where other parties are using their own resources to work with USAID. Public-private alliances are characterized by a shared understanding of the development problem or issue; a shared belief that an alliance will be more effective than any approach taken by a single actor; a shared commitment of resources; and perhaps, most important, a willingness to share risks.
- **Linkages with other USAID procurement mechanisms.** The USAID program strategy is a very integrated strategy both within the Environment/Rural Development Strategic Objective and across all USAID/M Strategic Objectives. Bidders should discuss how they will integrate activities under the RFP with other aspects of the USAID program, particularly in the following activity areas: (i) biodiversity conservation priority setting; (ii) reinforcement of linkages between forest zoning and establishment of conservation sites; (iii) eco-regional initiatives, particularly alternatives to slash and burn practices (iii) anti-bushfire information campaigns; and (iv) improving business services to forest industries under the Agriculture and Trade Strategic Objective.
- **Linkages and leveraging with other donors.** The USAID program is also integrated within the overall context of the Malagasy National Environmental Action Plan (NEAP) and other donors operating in the environment sector. The World Bank's support to the NEAP will be focused specifically on protected areas and forest management. The French and German Cooperation will also be providing support to the forest sector. Bidders should discuss how they will propose linking their activities within the context of the overall NEAP. The ability to leverage additional funds will be important to the overall program success in achieving impacts on a larger scale.
- **Coordination with World Bank on establishing an "activity implementation fund" at the CIREF level.** As noted above, USAID would like to see a significant part of the program focused on providing field level support at the circumscription level (CIREEF). This would comprise of providing support to priority CIREEFs in the Tamatave and Fianarantsoa eco-regions. A major aspect of this support would be providing equipment and funds through an "activity implementation fund" to the CIREEFs. USAID would like to see approximately \$750,000 million passed through this "activity fund" for field level operations. The support to other

CIREEF would be provided in collaboration with World Bank funding under the Environmental Action Plan.

E. Performance Period

To ensure a fully successful program that leads to a successful close out of the third and final phase of the Environmental Action Plan, assistance from the contractor will be required for a total of five years.